

62232

Proposal

DEPT. OF TRANSPORTATION
DOCKETS

99 AUG 25 PM 3:40

Docket 97-2515-4

August 23, 1999

Craig A. Shorten
24711 State Hwy J
Atlanta, Missouri 63530

Mr. John McCamant
U.S. Department of Transportation
Office of Secretary of Transportation
400 Seventh Street, S. W.
Washington, D.C. 20590

Dear Mr. McCamant,

I am **forwarding** you a copy of the EAS proposal for the IRK to MCI scheduled **service**. I am sending you the proposal **from** Redwing Airways Inc.

I am currently incorporating a new company. If I am successful with the acquisition of Redwing and its certificate the new company will eventually acquire Redwing and operate under its new name. If I am not successful, I plan to register with the Air Carrier Fitness Division and pursue my own certificate.

It is imperative that the business be renamed. Poor public sentiment is rampant. It is hard to acquire and transition new ownership of an existing business with poor public image. I am well positioned to succeed because of my knowledge of and experience in the region. I have made extensive contacts throughout the community with resounding support. I am currently structuring the company to be able to seek the funding it will take to launch this project.

Regardless of the size of the community, scheduled air service needs to be safe, sound and sensible. The standard for scheduled air service changed over 20 years ago. Turbine aircraft are the minimum standard for scheduled service.

For scheduled air services, the management needs to be focused with an objective and a plan. **We** have an opportunity here to build a foundation of air service for **Kirksville** that will last for years.

The Cessna Caravan is the sensible **aircraft** for size, dependability, cost of operation and profitability. It is the safe, sound and sensible aircraft for this operation.

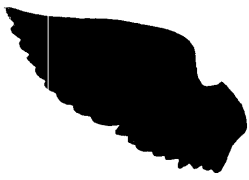
Mr. **McCamant**, I am looking forward to meeting you soon.

Sincerely,

A handwritten signature in black ink, reading "Craig A. Shorten". The signature is fluid and cursive, with the first name "Craig" being more prominent and the last name "Shorten" following in a similar style.

Craig A. Shorten

Enc



Redwing Airways, Inc.

July 30, 1999

Mr. John McCamant
U.S. Dept. of Transportation
Office of Sec. of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590

Mr. McCamant,

Enclosed is the detailed bid for Caravan service between Kirksville and Kansas City. This bid is submitted by Mr. Craig Shorten in cooperation with Redwing Airways with the understanding that if it is acceptable he will be purchasing Redwing Airways stock.

Mr. Shorten is a Kirksville businessman with deep roots in the community. He is a United States citizen and has no foreign ties.

We appreciate the extension of the current agreement so that we may present this proposal. We feel that the introduction of an aircraft like the Cessna Caravan will improve the service to the Northeast Missouri area.

Thank You,

Larry J. Sees

PROPOSAL TO PROVIDE ESSENTIAL AIR SERVICE TO KIRKSVILLE MISSOURI

AIRCRAFT TYPE: CESSNA GRAND CARAVAN (9 PASSENGERS/2 PILOTS) TURBO PROP

129 SEGMENTS IRK/MCI

988 RND TRPS/ 1976 SEGMENTS

2294136 AVAIL. SEAT MLS

	1999-2000	2000-2001	2001-2002	2002-2003
AVG. REV PER PASS/PER YR	\$59.35	\$324,051.00	\$62.83	\$408,395.00
TOTAL EST REV.	\$330,532.02	\$416,562.90	\$531,139.00	\$660,047.10

DIRECT COST FLIGHT OPERATION

	1999-2000	2000-2001	2001-2002	2002-2003
MAINTENANCE	\$36.00	\$56,880.00	\$58,017.60	\$59,177.95
PARTS PER HR/PER YR	\$2.00	\$3,792.00	\$3,807.00	\$3,811.00
ENGINE PER HR/PER YR	\$28.43	\$44,919.40	\$45,817.79	\$46,734.14
STARTER GENERATOR	\$0.83	\$1,311.40	\$1,337.63	\$1,364.38
INSURANCE AIRCRAFT	\$120.00	\$27,250.00	\$27,795.00	\$28,350.90
MISC. EXP. 02%	\$473,963.20	\$9,293.40	\$9,479.26	\$9,668.85
TOTAL	\$473,963.20	\$45,817.79	\$46,734.14	\$47,668.83

GROUND OPERATING EXP.

	1999-2000	2000-2001	2001-2002	2002-2003
STATION MCI X 988 ARRIVALS	\$61.23	\$60,495.24	\$61,705.14	\$62,939.25
ADVERTISING PROM TR YR	\$703.27	\$36,370.04	\$37,301.44	\$38,247.00
HANGER & UTILITIES	\$1,500.00	\$18,000.00	\$18,360.00	\$18,727.20
PROPERTY INS. PASS.	\$3.50	\$19,110.00	\$22,750.00	\$26,250.00
BOKING FEE PER PASS.	\$3.50	\$19,110.00	\$22,750.00	\$26,250.00
TOTAL	\$3,810.00	\$136,665.28	\$140,092.78	\$146,173.49

MISC EXP. @02%	\$5,800.84	\$6,137.74	\$6,529.72	\$6,951.74
TOTAL	\$426,643.70	\$438,024.70	\$458,015.63	\$479,538.92
TOTAL OPERATING	\$900,606.90	\$921,467.16	\$951,126.93	\$982,512.45
OPERATING LOSS	\$570,074.88	\$504,904.26	\$419,987.93	\$322,465.35
INTEREST	\$120,000.00	\$115,000.00	\$107,000.00	\$99,000.00
DIRECT COST BLOCK HOUR	\$299.98	\$305.98	\$312.10	\$318.34
PER SEGMENT	\$372.02	\$337.03	\$290.76	\$238.15
PER PASSENGER	\$134.63	\$102.46	\$76.61	\$55.36

PASSENGERS PER YEAR 5460
5460 REPRESENTS 9 YR HIGH
66% PURCHASE ROUND TRIP TICKET
34% PURCHASE ONE WAY TICKET

5460*.666=3636 PASSENGER COUNT SEGMENTS ROUND TRIP
3636\2(2 SEGMENTS)= 1818 ROUND TRIP TICKET PURCHASES
1818*\$99(YR 1999-2000 TICKET PRICE)=\$179982.00

5460X*.334=1824 PASSENGER COUNT SEGMENTS (ONE WAY)
1824 ONE WAY TICKET PURCHASES
1824*\$99=\$144096.00

\$179982.00 RND TRIP REV.
\$144096.00 ONE WAY REV.

\$324078.00 TOTAL

2000-2001

6500*66/2*109=\$233805.00
6500*34*79=\$174590
--- _-----I---
\$408395.00 TOTAL

2002-2002

7500*66/2*129=\$319275
7500*34*79=\$201450
--u-----e----- _---
\$520725.00 TOTAL

2002-2003

8500*66/2*139=\$389895
7500*34*79=\$257210

\$647105.00 TOTAL

Cessna Caravan

The Cessna Caravan has quickly earned a reputation as a tough, reliable workhorse that you can depend on to provide a high degree of dispatch reliability. It was designed from the ground up to be a profit generator. Its exceptional capacity and load carrying capability coupled with its low operating cost enhance its bottom line performance. The Caravan's versatility and flexibility will open many new revenue generating possibilities.

GUIDE TO COST OF USE*

	Caravan 208-6751	Grand Caravan	See note 7 below
Direct Cost of Use Per Hour:			
Fuel * Includes 33 lbs. for Taxi & Takeoff)	\$106.02	\$ 106.02	_____
Oil20	.20	_____
Engine & Airframe Maintenance:			
Labor @ \$42.00 per hr.	26.88	26.38	_____
Parts	36.00	36.00	_____
Avionics	2.40	2.40	_____
Overhaul Reserves:			
Engine	28.43	28.43	_____
Propeller	1.05	1.05	_____
Starter/Generator83	.83	_____
Total Direct Cost Per Hour	\$201.81	5201.81	_____ A
Total Direct Cost Per N.M.	\$1.19	\$1.19	_____
Fixed Cost of Use			
	<u>Per Year</u>	<u>Annual Hours</u>	= <u>Per Hour</u>
Crew	_____	_____	_____ B
Insurance	_____	_____	_____ C
Cost of Ownership	_____	_____	_____ D
Total Operational Cost Per Hour (Sum of Lines A,B,C, D)	_____		
Total Operational Cost Per N.M. (Divide Cost Per Hour by Block Speed)	_____		

NOTES:

- 1) \$1.90/GALLON BASED ON 200 N.M. BLOCK FUEL FLOW)
- 2) \$42.00 PER HOUR LABOR RATE.
- 3) ENGINE OVERHAUL AT 3500 HRS. PLUS ONE HOT SECTION INSPECTION AT 1750 HRS.
- 4) PROPELLER OVERHAUL AT 4000 HRS.
- 5) OVERHAUL EXCHANGE AT 1600 HRS.
- 6) 200 n.m. leg blockspeed.

7) THE FIGURES CONTAINED ON THIS PAGE ARE ONLY ESTIMATES. YOUR ACTUAL COST OF OPERATION WILL VARY FROM THESE FIGURES due to differences in accounting methods, cost of fuel and oil, labor services, engine overhaul, type of avionics installed, and the manner in which the aircraft is used (number of hours flown annually, power settings, type of airports used, environmental conditions, pilot capability, etc.). Cessna cannot and does not represent that these figures are anything other than estimated average cost of operation, and Cessna specifically disclaims any liability for the accuracy of these estimates. They should be used only for purposes of comparison.

*FIRST YEAR COSTS, UNDER WARRANTY, WILL BE LESS THAN THE PUBLISHED COSTS.

CITY COUNCIL POLICY #15

CITY COUNCIL POLICY #15
DATE: December 16, 1996

COPY

AIRPORT BILLING & COLLECTION POLICY

It is the policy of the City of Kirksville to make available for sale, aviation fuels and oil at the Kirksville Regional Airport. Such fuels and oil shall be sold at a reasonable mark up to provide for a portion of the operations costs of the Kirksville Regional Airport. This Airport Billing and Collection Policy outlines the various fuel price mark ups and volume fuel price discounts at the Kirksville Regional Airport.

BILLING AND COLLECTION

Invoices will be issued to all approved city charge customers by the 5th¹ of each month. Payment in full is due by the 20th of each month.

If payment has not been received by the 20th of the month, discounted fuel will be adjusted to reflect an \$.08 surcharge per gallon and an amended invoice will be sent.

All accounts that are unpaid by the 30th of the month will be assessed an interest charge of 1.58 per month, compounded.

The City will accept a variety of credit cards.²

PRICING

Pump price for Kirksville Regional Airport fuel shall be established as follows:

100LL Octane (AvGas)

For the last 6 months of fiscal year 1996-97 the mark up on 100LL Octane (AvGas) fuel will be \$.58 per gallon.

¹ City charge customers are subject to approval by the Airport Manager and are allowed to charge fuel on a monthly basis only.

² Acceptable credit cards will include but not be limited to: Mastercard, Visa, Multi-Service, Texaco, Discover, Shell, Phillips 66 and American Express.

CITYCOUNCIL POLICY #15

Jet- A Fuel :

For the last 6 months of fiscal year 1996-97 the mark up on Jet-A fuel will be \$.72 per gallon.

Charge for Credit Card Use:

For the last 6 months of fiscal year 1996-97 the customary \$.08 per gallon surcharge for fuel purchases with a credit card shall be waived.

DISCOUNTS

Discounts will be allowed for volume users on the following basis:

- | | | |
|----|-----------------------------|---|
| A) | 1 gallon to 20,000 gallons= | (Current pump price |
| B) | 20,000 to 40,000 gallons= | \$.26 cents p/g discount
from pump price |
| C) | 40,000 gallons and more= | \$.30 cents p/g discount
from pump price |

Discount prices will be determined on an annual basis before the start of each fiscal year. Volume will be determined using the customer's past twelve month usage at the Kirksville Regional Airport.

New high volume users may be considered for the above described discount prices by providing documentation that large volumes of fuel will be required for their operation(s) which will be based at the Kirksville Regional Airport.

FUEL MARKUPS

100LL Octane **AvGas** will be marked up \$.60 cents per gallon over the price per gallon charged to the City of **Kirksville** by the bulk fuel provider.

Jet-A fuel will be marked up \$32 per gallon over the Price Per gallon charged to the City of Kirksville by the bulk fuel provider.

PILOTS

$\$100.00 \text{ PER ROUNDTRIP} * 988 = \98800.00 YR
 $\$98800.00 * 20\% = \$19760.00 \text{ TAX AND BENEFITS}$
 $\$98800.00 + \$19760.00 = \$118560$

STATE UNEMPLOY.	.027
FED. UNEMPLOY.	.008
SOC. SEC	.062
MEDICAL	.015
WORK COMP.	.033
HEALTH INS.	.055
<hr/>	
TOTAL	.20%

WORKMAN **COMP.** RATES
MY INSURANCE AGENT INFORMED ME THAT WORKMAN **COMP.**
RATES WOULD BE HIGHER THAN I QUOTED !
YOU **MA Y HA VE** SOME INDUSTRY FIGURES **WHICH** MIGHT PROVE
MORE ACCURATE.

STATION IRK

FULL TIME EMPLOYEE

***40 HR *\$10.00 HR =\$400.00 *20%=\$80.00
\$480*52=\$24960.00***

PART TIME EMPLOYEE

***30HR.@ \$6.50HR.=\$195.00*14.5%=\$28.27
\$195.00+\$28.27=\$223.27=\$11610.04***

TOTAL = \$365 70.04

EMPLOYEE DUTIES

RECEPTIONIST

TICKET SALES

COMPUTER

BILLING

FILING

PHONE SERVICE



**Alliance
BlueCross
BlueShield**

An independent licensee of the Blue Cross and Blue Shield Association.

REDWING AIRWAYS INC
LARRY SEES
ROUTE 6 BOX 64
KIRKSVILLE MO 63501-9208

BILLING STATEMENT

Mail payment and copy
of this statement to:

Alliance Blue Cross Blue Shield
P.O. Box 956551
St. Louis, MO 631956551

519

GROUP NO. 304648-000-9 Y
BILLING DAY 07-07-99
PREMIUM FOR 07-01-99 TO 08-01-99
PAY PREMIUM BY 07-17-99

1 IDENTIFICATION NO.	2 PARTICIPANT'S NAME	3 MBR TYP	4 COVERAGES B B S D R V O C H C S M E X I T M M N H P O	5 BILL FROM	6 CODE	7 AMOUNT DUE		
						CURRENT	ARREARS	TOTAL
000045664502	2 DROBNY STEPHEN H	6	XX XX	070199		11984		11984
000499668042	0 GARTEN RANDALL K	7	XX XX	070199		33463		33463
000487485822	0 KELSEY JAMES R	11	XX XX	070199		73738		73738
000493626134	4 MYERS MATTHEW D	6	XX XX	070199		10223		10223
000486502683	9 SEES LARRY J	7	XX XX	070199		50055		50055
000492828465	2 VON SOOSTEN CURTIS	6	XX XX	070199		10223		10223
000492801857	0 WOODS DORIS L	6	XX XX	070199		19689		19689
000265796995	4 YADON EDWARD P	6	XX XX	070199		11984		11984
						221359		
								221359

Your billing clerk is
For service, call

60116 SANDY STEINERD
1-888-689-5161 EXT. 63843

221359

Complete Column 6 Using the Following Codes
See reverse side for more information

✓ - (Paid as Billed) RC - (Requested Cancellation)
TA - (Temporary Absence) LE - (Left Employment)

↑
PAY THIS TOTAL

City of Kirksville

201 S Franklin
Kirksville MO 63501

Phone Number
660-627-1251

INVOICE

SOLD TO:

REDWING AIRWAYS
KSV REGIONAL AIRPORT
KIRKSVILLE MO 63501

INVOICE NUMBER 254
INVOICE DATE 07/08/99
OUR ORDER NUMBER 1820
YOUR ORDER NUMBER
TERMS Net 20th day
SALES REP
SHIPPED VIA
F.O.B.
PREPAID or COLLECT

SHIPPED TO:

QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
1	TERMINAL RENT	326.33	326.33
1	STORAGE	35.00	35.00
1	TIE DOWNS	30.00	30.00
1	UTILITIES	373.14	373.14
1	FUEL CHARGES	9,075.61	9,075.61
PLEASE PAY BY THE 20TH THANK YOU			
SUBTOTAL			9,840.08
TAX			
FREIGHT			
			\$9,840.08 PAY THIS AMOUNT

Questions concerning this invoice?
Call: Barbara
627-1251

MAKE ALL CHECKS PAYABLE TO:
City of Kirksville
201 S Franklin
Kirksville MO 63501

THANK YOU FOR YOUR BUSINESS!

TO:

CRAIG SHORTEN

FROM:**NationAir**
insurance agencyPO Box 100
Chesterfield, MO 63005-0100
Phone: 314/532-1817
Fax: 314/532-9451**Fax Transmission Cover Sheet**This is page 1 of 1 pages.

If all pages are not received, please contact me at the above number.

DATE: August 9, 1999**SUBJECT:** INSURANCE FOR SCHEDULED PART 135 OPERATION

HERE IS AN INDICATION OF PREMIUM OFFERED BY W. BROWN & ASSOCIATES, THE CURRENT INSURER OF REDWING AIRWAYS. THERE ARE NOT MANY UNDERWRITERS THAT WILL QUOTE A SCHEDULED PART 135 OPERATION, BUT WE HAVE FOUND W. BROWN TO BE VERY COMPETITIVE.

AIRCRAFT TO BE INSURED: 1999 CESSNA CARAVAN, SEATING 8+2

AIRCRAFT LIABILITY: \$10,000,000. SINGLE LIMIT EACH OCCURRENCE FOR BODILY INJURY AND PROPERTY DAMAGE, INCLUDING \$300,000, EACH PASSENGER-

PHYSICAL DAMAGE; \$1,500,000.

DEDUCTIBLES: \$1,000. NOT IN MOTION/ \$10,000. IN MOTION

TOTAL ANNUAL PREMIUM: \$27,250.

I HOPE THIS WILL PROVIDE YOU WITH THE INFORMATION THAT YOU NEED. PLEASE GIVE ME A CALL WITH ANY QUESTIONS YOU MAY HAVE.


Thank you! Joan M. Zaleski

ADVERTISING

TWO \$4000.00 TELEVISION CAMPAIGNS PER YR.

\$400.00 PER MONTH FOR LOCAL PUBLICATIONS

***\$504.00 PER MONTH FOR RADIO @ 18 PER WK*\$7.00 PER AD *4 WKS
PER MONTH***

GENERAL & ACCOUNTING

*GENERAL **MANAGER***

CRAIG A. SHORTEN

DIRECTOR OF OPERATIONS

CRAIG A. SHORTEN

DIRECTOR OF MAINTENANCE

TO BE ANNOUNCED

CHIEF PILOT

TO BE ANNOUNCED

*BOOKEEPING, ACCOUNTING AND
LEGAL SERVICES*